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53:45
ACTION E-04.

INFO OCT-01 SS-20 AF-05 NSC-10 NSCE-00 INR-07 CIAE-00
NSAE-00 L-02 OEP-01 EUR-12 JUS-01 PRS-01 RSR-01 RSC-01
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P 021624Z MAR 71
FM AMEMBASSY TRIPOLI
TO SECSTATE WASHDC PRIORITY 7469
INFO USMISSION OECD PARIS PRIORITY

S E C R E T TRIPOLI 417

LIMDIS

OECD FOR AKINS

SUBJ: LIBYAN OIL NEGOTIATIONS

REF: TRIPOLI 415

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY CJ DATE 6/22/81
PORTIONS DENIED AS INDICATED

Tripoli 417 3/24/71

1. EMBASSY APPRECIATES DEPARTMENT'S COMMENTS ON SPECIFICS OF COMPANIES' POSITION, WHICH HAS HELPED US IN INTERPRETING COMPANIES STRATEGY.

2. IN ADDITION TO OXY AND BP, LARG ALSO MET TODAY WITH MARATHON AND IS TO MEET AGAIN THIS EVENING WITH EACH OF THREE COMPANIES. HAVING DISCUSSED PRINCIPLES IN THEIR FIRST SESSION, PARTICULARLY PERTAINING TO PERSIAN GULF, VARIABLE ELEMENT IN FREIGHT ALLOWANCE, AND OPPOSITION TO MANDATORY REINVESTMENT AND RETROACTIVITY. COMPANIES NOW PLAN TO OFFER SPECIFIC PRICE PROPOSALS, AS LARG HAS BEEN PRAISING THEM TO DO.

3. BETWEEN SESSIONS WITH OTHER COMPANIES, LARG COMMITTEE (WITH JALLUD PRESENT) ALSO FOUND TIME THIS AFTERNOON TO DISCUSS LNG PROBLEM WITH ESSO. [redacted] AGREEMENT ON EXPORTS TO SPAIN MAY BE

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EXCISE

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WITHIN REACH, AS SUGGESTED TRIPOLI 410. AT CONCLUSION OF MEETING ON LNG, ESSO WAS REQUESTED TO RETURN FOR TALKS ON OIL TOMORROW AT 1000.

4. COMMENT: [redacted] COMPANIES DO NOT APPEAR TO BE APPROACHING DANGER POINT YET. IN FURT TO AVOID RAISING TEMPERATURE OF TALKS UNNECESSARILY, AND BECAUSE THEY HAVE MADE THEIR INITIAL POINTS, COMPANIES NOW INTEND TO RESPOND TO LARG'S INSISTENCE UPON SPECIFIC OFFERS. 54

5. NEITHER WE NOR COMPANIES HAVE CONCLUSIVE EXPLANATION FOR LARG'S OPENING SIMULTANEOUS TALKS WITH GROWING NUMBER OF COMPANIES, BUT THERE ARE TWO PROMINENT POSSIBILITIES: A) LARG IS SURVEYING INDUSTRY TO SELECT TARGETS FOR FINAL BARGAINING, OR B) LARG IS POLLING COMPANIES FOR OFFERS TO BUILD CASE FOR DECLARING THEM INADEQUATE PRIOR TO PROCEEDING TO CONFRONTATION. GP-2. PALMER

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